

AMENDED IN SENATE JULY 2, 2014
AMENDED IN SENATE JUNE 19, 2014
AMENDED IN SENATE AUGUST 28, 2013
AMENDED IN SENATE AUGUST 27, 2013
AMENDED IN SENATE JULY 3, 2013
AMENDED IN SENATE JUNE 20, 2013
AMENDED IN ASSEMBLY MARCH 19, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 640

Introduced by Assembly Member Hall
(Coauthor: Senator Galgiani)

February 20, 2013

An act to amend Section 69432.7 of the Education Code, relating to student financial aid.

LEGISLATIVE COUNSEL'S DIGEST

AB 640, as amended, Hall. Cal Grant Program: renewal awards.

The Cal Grant Program establishes the Cal Grant A and B Entitlement awards, the California Community College Transfer Entitlement awards, the Competitive Cal Grant A and B awards, the Cal Grant C awards, and the Cal Grant T awards under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs for participating students attending qualifying institutions.

Existing law requires the commission to certify by October 1 of each year a qualifying institution's latest 3-year cohort default rate and graduation rate as most recently reported by the United States Department of Education. Existing law provides that, for purposes of the 2012–13 academic year, and every academic year thereafter, an otherwise qualifying institution with a 3-year cohort default rate that is equal to or greater than 15.5% is ineligible for initial and renewal Cal Grant awards at the institution. Existing law provides that an otherwise qualifying institution is ineligible for an initial or renewal Cal Grant award at the institution if the institution has a graduation rate of 30% or less for students taking 150% or less of the expected time to complete degree requirements, as specified, with certain exceptions.

This bill would require the commission to establish an appeal process for an otherwise qualifying institution that fails to satisfy the 3-year cohort default rate and graduation rate requirements, and would make nonsubstantive and conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 69432.7 of the Education Code is amended*
- 2 *to read:*
- 3 69432.7. As used in this chapter, the following terms have the
- 4 following meanings:
- 5 (a) An “academic year” is July 1 to June 30, inclusive. The
- 6 starting date of a session shall determine the academic year in
- 7 which it is included.
- 8 (b) “Access costs” means living expenses and expenses for
- 9 transportation, supplies, and books.
- 10 (c) “Award year” means one academic year, or the equivalent,
- 11 of attendance at a qualifying institution.
- 12 (d) “College grade point average” and “community college
- 13 grade point average” mean a grade point average calculated on the
- 14 basis of all college work completed, except for nontransferable
- 15 units and courses not counted in the computation for admission to
- 16 a California public institution of higher education that grants a
- 17 baccalaureate degree.
- 18 (e) “Commission” means the Student Aid Commission.
- 19 (f) “Enrollment status” means part- or full-time status.

(1) “Part time,” for purposes of Cal Grant eligibility, means 6 to 11 semester units, inclusive, or the equivalent.

(2) “Full time,” for purposes of Cal Grant eligibility, means 12 or more semester units or the equivalent.

(g) “Expected family contribution,” with respect to an applicant, shall be determined using the federal methodology pursuant to subdivision (a) of Section 69506 (as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.)) and applicable rules and regulations adopted by the commission.

(h) “High school grade point average” means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year, excluding physical education, ~~reserve officer training corps~~ *Reserve Officer Training Corps* (ROTC), and remedial courses, and computed pursuant to regulations of the commission. However, for high school graduates who apply after their senior year, “high school grade point average” includes senior year coursework.

(i) “Instructional program of not less than one academic year” means a program of study that results in the award of an associate or baccalaureate degree or certificate requiring at least 24 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(j) “Instructional program of not less than two academic years” means a program of study that results in the award of an associate or baccalaureate degree requiring at least 48 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(k) “Maximum household income and asset levels” means the applicable household income and household asset levels for participants, including new applicants and renewing recipients, in the Cal Grant Program, as defined and adopted in regulations by the commission for the 2001–02 academic year, which shall be set pursuant to the following income and asset ceiling amounts:

CAL GRANT PROGRAM INCOME CEILINGS

| | Cal Grant A, C, and T | Cal Grant B |
|---|--------------------------|-------------|
| Dependent and Independent students with dependents* | | |
| Family Size | | |
| Six or more | \$74,100 | \$40,700 |
| Five | \$68,700 | \$37,700 |
| Four | \$64,100 | \$33,700 |
| Three | \$59,000 | \$30,300 |
| Two | \$57,600 | \$26,900 |
| Independent | | |
| Single, no dependents | \$23,500 | \$23,500 |
| Married | \$26,900 | \$26,900 |

*Applies to independent students with dependents other than a spouse.

CAL GRANT PROGRAM ASSET CEILINGS

| | Cal Grant A, C, and T | Cal Grant B |
|-------------|--------------------------|-------------|
| Dependent** | \$49,600 | \$49,600 |
| Independent | \$23,600 | \$23,600 |

**Applies to independent students with dependents other than a spouse.

The commission shall annually adjust the maximum household income and asset levels based on the percentage change in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution. The maximum household income and asset levels applicable to a renewing recipient shall be the greater of the adjusted maximum household income and asset levels or the maximum household income and asset levels at the time of the renewing recipient's initial Cal Grant award. For a recipient who was initially awarded a Cal Grant for an academic year before the 2011–12 academic year, the maximum household income and asset levels shall be the

greater of the adjusted maximum household income and asset levels or the 2010–11 academic year maximum household income and asset levels. An applicant or renewal recipient who qualifies to be considered under the simplified needs test established by federal law for student assistance shall be presumed to meet the asset level test under this section. Prior to disbursing any Cal Grant funds, a qualifying institution shall be obligated, under the terms of its institutional participation agreement with the commission, to resolve any conflicts that may exist in the data the institution possesses relating to that individual.

(l) (1) “Qualifying institution” means an institution that complies with paragraphs (2) and (3) and is any of the following:

(A) A California private or independent postsecondary educational institution that participates in the *federal* Pell Grant Program and in at least two of the following federal campus-based student aid programs:

- (i) Federal Work-Study *Program*.
- (ii) *Federal* Perkins Loan Program.
- (iii) *Federal* Supplemental Educational Opportunity Grant Program.

(B) A nonprofit institution headquartered and operating in California that certifies to the commission that 10 percent of the institution’s operating budget, as demonstrated in an audited financial statement, is expended for purposes of institutionally funded student financial aid in the form of grants, that demonstrates to the commission that it has the administrative capacity to administer the funds, that is accredited by the Western Association of Schools and Colleges, and that meets any other state-required criteria adopted by regulation by the commission in consultation with the Department of Finance. A regionally accredited institution that was deemed qualified by the commission to participate in the Cal Grant Program for the 2000–01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.

(C) A California public postsecondary educational institution.

(2) (A) The institution shall provide information on where to access California license examination passage rates for the most recent available year from graduates of its undergraduate programs leading to employment for which passage of a California licensing examination is required, if that data is electronically available through the Internet Web site of a California licensing or regulatory

1 agency. For purposes of this paragraph, “provide” may exclusively
2 include placement of an Internet Web site address labeled as an
3 access point for the data on the passage rates of recent program
4 graduates on the Internet Web site where enrollment information
5 is also located, on an Internet Web site that provides centralized
6 admissions information for postsecondary educational systems
7 with multiple campuses, or on applications for enrollment or other
8 program information distributed to prospective students.

9 (B) The institution shall be responsible for certifying to the
10 commission compliance with the requirements of subparagraph
11 (A).

12 (3) (A) The commission shall certify by October 1 of each year
13 the institution’s latest three-year cohort default rate and graduation
14 rate as most recently reported by the United States Department of
15 Education.

16 (B) For purposes of the 2011–12 academic year, an otherwise
17 qualifying institution with a three-year cohort default rate reported
18 by the United States Department of Education that is equal to or
19 greater than 24.6 percent shall be ineligible for initial and renewal
20 Cal Grant awards at the ~~institution, except as provided in~~
21 ~~subparagraph (F).~~ *institution.*

22 (C) For purposes of the 2012–13 academic year, and every
23 academic year thereafter, an otherwise qualifying institution with
24 a three-year cohort default rate that is equal to or greater than 15.5
25 percent, as certified by the commission on October 1, 2011, and
26 every year thereafter, shall be ineligible for initial and renewal Cal
27 Grant awards at the ~~institution, except as provided in subparagraph~~
28 ~~(F).~~ *institution.*

29 (D) (i) An otherwise qualifying institution that becomes
30 ineligible under this paragraph for initial and renewal Cal Grant
31 awards shall regain its eligibility for the academic year for which
32 it satisfies the requirements established in subparagraph (B), (C),
33 or ~~(G)~~, *(F)*, as applicable.

34 (ii) If the United States Department of Education corrects or
35 revises an institution’s three-year cohort default rate or graduation
36 rate that originally failed to satisfy the requirements established
37 in subparagraph (B), (C), or ~~(G)~~, *(F)*, as applicable, and the
38 correction or revision results in the institution’s three-year cohort
39 default rate or graduation rate satisfying those requirements, that
40 institution shall immediately regain its eligibility for the academic

1 year to which the corrected or revised three-year cohort default
2 rate or graduation rate would have been applied.

3 (E) An otherwise qualifying institution for which no three-year
4 cohort default rate or graduation rate has been reported by the
5 United States Department of Education shall be provisionally
6 eligible to participate in the Cal Grant Program until a three-year
7 cohort default rate or graduation rate has been reported for the
8 institution by the United States Department of Education.

9 ~~(F) (i) An institution that is ineligible for initial and renewal~~
10 ~~Cal Grant awards at the institution under subparagraph (B), (C),~~
11 ~~or (G) shall be eligible for renewal Cal Grant awards for recipients~~
12 ~~who were enrolled in the ineligible institution during the academic~~
13 ~~year before the academic year for which the institution is ineligible~~
14 ~~and who choose to renew their Cal Grant awards to attend the~~
15 ~~ineligible institution. Cal Grant awards subject to this subparagraph~~
16 ~~shall be reduced as follows:~~

17 ~~(I) The maximum Cal Grant A and B awards specified in the~~
18 ~~annual Budget Act shall be reduced by 20 percent.~~

19 ~~(H) The reductions specified in this subparagraph shall not~~
20 ~~impact access costs as specified in subdivision (b) of Section~~
21 ~~69435.~~

22 ~~(ii) This subparagraph shall become inoperative on July 1, 2013.~~

23 ~~(G)~~

24 (F) For purposes of the 2012–13 academic year, and every
25 academic year thereafter, an otherwise qualifying institution with
26 a graduation rate of 30 percent or less for students taking 150
27 percent or less of the expected time to complete degree
28 requirements, as reported by the United States Department of
29 Education and as certified by the commission pursuant to
30 subparagraph (A), shall be ineligible for initial and renewal Cal
31 Grant awards at the institution, except as provided for in
32 ~~subparagraphs (F) and (I): subparagraph (H).~~

33 ~~(H)~~

34 (G) Notwithstanding any other law, the requirements of this
35 paragraph shall not apply to institutions with 40 percent or less of
36 undergraduate students borrowing federal student loans, using
37 information reported to the United States Department of Education
38 for the academic year two years before the year in which the
39 commission is certifying the three-year cohort default rate or
40 graduation rate pursuant to subparagraph (A).

1 ~~(H)~~

2 (H) Notwithstanding subparagraph ~~(G)~~, (F), an otherwise
3 qualifying institution with a three-year cohort default rate that is
4 less than 15.5 percent and a graduation rate above 20 percent for
5 students taking 150 percent or less of the expected time to complete
6 degree requirements, as certified by the commission pursuant to
7 subparagraph (A), shall be eligible for initial and renewal Cal Grant
8 awards at the institution through the 2016–17 academic year.

9 ~~(J)~~

10 (I) The commission shall do all of the following:

11 (i) Notify initial Cal Grant recipients seeking to attend, or
12 attending, an institution that is ineligible for initial and renewal
13 Cal Grant awards under subparagraph (C) or ~~(G)~~ (F) that the
14 institution is ineligible for initial Cal Grant awards for the academic
15 year for which the student received an initial Cal Grant award.

16 (ii) Notify renewal Cal Grant recipients attending an institution
17 that is ineligible for initial and renewal Cal Grant awards at the
18 institution under subparagraph (C) or ~~(G)~~ (F) that the student's
19 Cal Grant award will be reduced by 20 percent, or eliminated, as
20 appropriate, if the student attends the ineligible institution in an
21 academic year in which the institution is ineligible.

22 (iii) Provide initial and renewal Cal Grant recipients seeking to
23 attend, or attending, an institution that is ineligible for initial and
24 renewal Cal Grant awards at the institution under subparagraph
25 (C) or ~~(G)~~ (F) with a complete list of all California postsecondary
26 educational institutions at which the student would be eligible to
27 receive an unreduced Cal Grant award.

28 (iv) (I) *Establish an appeal process for an otherwise qualifying*
29 *institution that fails to satisfy the three-year cohort default rate*
30 *and graduation requirements in subparagraphs (C) and (F),*
31 *respectively.*

32 (II) *In assessing whether to grant an appeal, the commission*
33 *may consider cohort size and the likelihood of an otherwise*
34 *qualifying institution regaining eligibility in the academic year*
35 *next following the institution's loss of eligibility.*

36 (III) *It is the intent of the Legislature that the commission shall*
37 *define a specific cohort size or range of sizes that constitute a*
38 *small cohort for the purposes of the appeals process.*

39 ~~(K)~~

1 (J) By January 1, 2013, the Legislative Analyst shall submit to
2 the Legislature a report on the implementation of this paragraph.
3 The report shall be prepared in consultation with the commission,
4 and shall include policy recommendations for appropriate measures
5 of default risk and other direct or indirect measures of quality or
6 effectiveness in educational institutions participating in the Cal
7 Grant Program, and appropriate scores for those measures. It is
8 the intent of the Legislature that appropriate policy and fiscal
9 committees review the requirements of this paragraph and consider
10 changes thereto.

11 (m) “Satisfactory academic progress” means those criteria
12 required by applicable federal standards published in Title 34 of
13 the Code of Federal Regulations. The commission may adopt
14 regulations defining “satisfactory academic progress” in a manner
15 that is consistent with those federal standards.

16 ~~SECTION 1. Section 69432.7 of the Education Code is~~
17 ~~amended to read:~~

18 ~~69432.7. As used in this chapter, the following terms have the~~
19 ~~following meanings:~~

20 ~~(a) An “academic year” is July 1 to June 30, inclusive. The~~
21 ~~starting date of a session shall determine the academic year in~~
22 ~~which it is included.~~

23 ~~(b) “Access costs” means living expenses and expenses for~~
24 ~~transportation, supplies, and books.~~

25 ~~(c) “Award year” means one academic year, or the equivalent,~~
26 ~~of attendance at a qualifying institution.~~

27 ~~(d) “College grade point average” and “community college~~
28 ~~grade point average” mean a grade point average calculated on the~~
29 ~~basis of all college work completed, except for nontransferable~~
30 ~~units and courses not counted in the computation for admission to~~
31 ~~a California public institution of higher education that grants a~~
32 ~~baccalaureate degree.~~

33 ~~(e) “Commission” means the Student Aid Commission.~~

34 ~~(f) “Enrollment status” means part- or full-time status.~~

35 ~~(1) “Part time,” for purposes of Cal Grant eligibility, means 6~~
36 ~~to 11 semester units, inclusive, or the equivalent.~~

37 ~~(2) “Full time,” for purposes of Cal Grant eligibility, means 12~~
38 ~~or more semester units or the equivalent.~~

39 ~~(g) “Expected family contribution,” with respect to an applicant,~~
40 ~~shall be determined using the federal methodology pursuant to~~

subdivision (a) of Section 69506 (as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.)) and applicable rules and regulations adopted by the commission.

(h) “High school grade point average” means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year, excluding physical education, reserve officer training corps (ROTC), and remedial courses, and computed pursuant to regulations of the commission. However, for high school graduates who apply after their senior year, “high school grade point average” includes senior year coursework.

(i) “Instructional program of not less than one academic year” means a program of study that results in the award of an associate or baccalaureate degree or certificate requiring at least 24 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(j) “Instructional program of not less than two academic years” means a program of study that results in the award of an associate or baccalaureate degree requiring at least 48 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(k) “Maximum household income and asset levels” means the applicable household income and household asset levels for participants, including new applicants and renewing recipients, in the Cal Grant Program, as defined and adopted in regulations by the commission for the 2001–02 academic year, which shall be set pursuant to the following income and asset ceiling amounts:

CAL GRANT PROGRAM INCOME CEILINGS

| | Cal Grant A, C, and T | Cal Grant B |
|--|--------------------------|-------------|
| Dependent and Independent students with dependents ^{3k} | | |
| Family Size | - | - |
| — Six or more | \$74,100 | \$40,700 |
| — Five | \$68,700 | \$37,700 |
| — Four | \$64,100 | \$33,700 |

| | | |
|-----------------------|----------|----------|
| Three | \$59,000 | \$30,300 |
| Two | \$57,600 | \$26,900 |
| - | - | - |
| Independent | | |
| Single, no dependents | \$23,500 | \$23,500 |
| Married | \$26,900 | \$26,900 |

*Applies to independent students with dependents other than a spouse.

CAL GRANT PROGRAM ASSET CEILINGS

| | Cal Grant A, C, and T | Cal Grant B |
|-------------|--------------------------|-------------|
| - | - | - |
| Dependent** | \$49,600 | \$49,600 |
| Independent | \$23,600 | \$23,600 |

**Applies to independent students with dependents other than a spouse.

The commission shall annually adjust the maximum household income and asset levels based on the percentage change in the cost of living within the meaning of paragraph (1) of subdivision (c) of Section 8 of Article XIII B of the California Constitution. The maximum household income and asset levels applicable to a renewing recipient shall be the greater of the adjusted maximum household income and asset levels or the maximum household income and asset levels at the time of the renewing recipient's initial Cal Grant award. For a recipient who was initially awarded a Cal Grant for an academic year before the 2011-12 academic year, the maximum household income and asset levels shall be the greater of the adjusted maximum household income and asset levels or the 2010-11 academic year maximum household income and asset levels. An applicant or renewal recipient who qualifies to be considered under the simplified needs test established by federal law for student assistance shall be presumed to meet the asset level test under this section. Prior to disbursing any Cal Grant funds, a qualifying institution shall be obligated, under the terms

1 of its institutional participation agreement with the commission;
2 to resolve any conflicts that may exist in the data the institution
3 possesses relating to that individual.

4 (b) (1) “Qualifying institution” means an institution that
5 complies with paragraphs (2) and (3) and is any of the following:

6 (A) A California private or independent postsecondary
7 educational institution that participates in the federal Pell Grant
8 Program and in at least two of the following federal campus-based
9 student aid programs:

10 (i) Federal Work-Study.

11 (ii) Perkins Loan Program.

12 (iii) Federal Supplemental Educational Opportunity Grant
13 Program.

14 (B) A nonprofit institution headquartered and operating in
15 California that certifies to the commission that 10 percent of the
16 institution’s operating budget, as demonstrated in an audited
17 financial statement, is expended for purposes of institutionally
18 funded student financial aid in the form of grants, that demonstrates
19 to the commission that it has the administrative capacity to
20 administer the funds, that is accredited by the Western Association
21 of Schools and Colleges, and that meets any other state-required
22 criteria adopted by regulation by the commission in consultation
23 with the Department of Finance. A regionally accredited institution
24 that was deemed qualified by the commission to participate in the
25 Cal Grant Program for the 2000–01 academic year shall retain its
26 eligibility as long as it maintains its existing accreditation status.

27 (C) A California public postsecondary educational institution.

28 (2) (A) The institution shall provide information on where to
29 access California license examination passage rates for the most
30 recent available year from graduates of its undergraduate programs
31 leading to employment for which passage of a California licensing
32 examination is required, if that data is electronically available
33 through the Internet Web site of a California licensing or regulatory
34 agency. For purposes of this paragraph, “provide” may exclusively
35 include placement of an Internet Web site address labeled as an
36 access point for the data on the passage rates of recent program
37 graduates on the Internet Web site where enrollment information
38 is also located, on an Internet Web site that provides centralized
39 admissions information for postsecondary educational systems

1 with multiple campuses, or on applications for enrollment or other
2 program information distributed to prospective students.

3 ~~(B) The institution shall be responsible for certifying to the~~
4 ~~commission compliance with the requirements of subparagraph~~
5 ~~(A):~~

6 ~~(3) (A) The commission shall certify by October 1 of each year~~
7 ~~the institution's latest three-year cohort default rate and graduation~~
8 ~~rate as most recently reported by the United States Department of~~
9 ~~Education:~~

10 ~~(B) For purposes of the 2011–12 academic year, an otherwise~~
11 ~~qualifying institution with a three-year cohort default rate reported~~
12 ~~by the United States Department of Education that is equal to or~~
13 ~~greater than 24.6 percent shall be ineligible for initial and renewal~~
14 ~~Cal Grant awards at the institution:~~

15 ~~(C) For purposes of the 2012–13 academic year, and every~~
16 ~~academic year thereafter, an otherwise qualifying institution with~~
17 ~~a three-year cohort default rate that is equal to or greater than 15.5~~
18 ~~percent, as certified by the commission on October 1, 2011, and~~
19 ~~every year thereafter, shall be ineligible for initial and renewal Cal~~
20 ~~Grant awards at the institution:~~

21 ~~(D) (i) An otherwise qualifying institution that becomes~~
22 ~~ineligible under this paragraph for initial and renewal Cal Grant~~
23 ~~awards shall regain its eligibility for the academic year for which~~
24 ~~it satisfies the requirements established in subparagraph (B), (C),~~
25 ~~or (F), as applicable:~~

26 ~~(ii) If the United States Department of Education corrects or~~
27 ~~revises an institution's three-year cohort default rate or graduation~~
28 ~~rate that originally failed to satisfy the requirements established~~
29 ~~in subparagraph (B), (C), or (F), as applicable, and the correction~~
30 ~~or revision results in the institution's three-year cohort default rate~~
31 ~~or graduation rate satisfying those requirements, that institution~~
32 ~~shall immediately regain its eligibility for the academic year to~~
33 ~~which the corrected or revised three-year cohort default rate or~~
34 ~~graduation rate would have been applied:~~

35 ~~(E) An otherwise qualifying institution for which no three-year~~
36 ~~cohort default rate or graduation rate has been reported by the~~
37 ~~United States Department of Education shall be provisionally~~
38 ~~eligible to participate in the Cal Grant Program until a three-year~~
39 ~~cohort default rate or graduation rate has been reported for the~~
40 ~~institution by the United States Department of Education:~~

~~(F) For purposes of the 2012–13 academic year, and every academic year thereafter, an otherwise qualifying institution with a graduation rate of 30 percent or less for students taking 150 percent or less of the expected time to complete degree requirements, as reported by the United States Department of Education and as certified by the commission pursuant to subparagraph (A), shall be ineligible for initial and renewal Cal Grant awards at the institution, except as provided for in subparagraph (H).~~

~~(G) Notwithstanding any other law, the requirements of this paragraph shall not apply to institutions with 40 percent or less of undergraduate students borrowing federal student loans, using information reported to the United States Department of Education for the academic year two years before the year in which the commission is certifying the three-year cohort default rate or graduation rate pursuant to subparagraph (A).~~

~~(H) Notwithstanding subparagraph (F), an otherwise qualifying institution with a three-year cohort default rate that is less than 10 percent and a graduation rate above 20 percent for students taking 150 percent or less of the expected time to complete degree requirements, as certified by the commission pursuant to subparagraph (A), shall remain eligible for initial and renewal Cal Grant awards at the institution through the 2016–17 academic year.~~

~~(I) The commission shall do all of the following:~~

~~(i) Notify initial Cal Grant recipients seeking to attend, or attending, an institution that is ineligible for initial and renewal Cal Grant awards under subparagraph (C) or (F) that the institution is ineligible for initial Cal Grant awards for the academic year for which the student received an initial Cal Grant award.~~

~~(ii) Notify renewal Cal Grant recipients attending an institution that is ineligible for initial and renewal Cal Grant awards at the institution under subparagraph (C) or (F) that the student's Cal Grant award will be reduced by 20 percent, or eliminated, as appropriate, if the student attends the ineligible institution in an academic year in which the institution is ineligible.~~

~~(iii) Provide initial and renewal Cal Grant recipients seeking to attend, or attending, an institution that is ineligible for initial and renewal Cal Grant awards at the institution under subparagraph (C) or (F) with a complete list of all California postsecondary~~

1 educational institutions at which the student would be eligible to
2 receive an unreduced Cal Grant award.

3 (iv) (I) Establish an appeal process for an otherwise qualifying
4 institution that fails to satisfy the three-year cohort default rate and
5 graduation rate requirements in subparagraphs (C) and (F),
6 respectively.

7 (H) In assessing whether to grant an appeal, the commission
8 may consider cohort size and the likelihood of an otherwise
9 qualifying institution regaining eligibility in the academic year
10 next following the institution's loss of eligibility.

11 (J) By January 1, 2013, the Legislative Analyst shall submit to
12 the Legislature a report on the implementation of this paragraph.
13 The report shall be prepared in consultation with the commission,
14 and shall include policy recommendations for appropriate measures
15 of default risk and other direct or indirect measures of quality or
16 effectiveness in educational institutions participating in the Cal
17 Grant Program, and appropriate scores for those measures. It is
18 the intent of the Legislature that appropriate policy and fiscal
19 committees review the requirements of this paragraph and consider
20 changes thereto.

21 (m) "Satisfactory academic progress" means those criteria
22 required by applicable federal standards published in Title 34 of
23 the Code of Federal Regulations. The commission may adopt
24 regulations defining "satisfactory academic progress" in a manner
25 that is consistent with those federal standards.